UNIVERSITY OF CALIFORNIA, IRVINE
ADMINISTRATIVE AND BUSINESS SERVICES
INTERNAL AUDIT SERVICES

PHARMACY OPERATIONS
Report No. 2011-205

June 24, 2011

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IRVINE: INTERNAL AUDIT SERVICES

June 24, 2011

RAJA ZEITANY
DIRECTOR OF PHARMACY
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RE: Pharmacy Operations
Report No. 2011-205

Internal Audit Services has completed the review of Pharmacy Operations and the final report is attached.

We extend our gratitude and appreciation to all personnel with whom we had contact while conducting our review. If you have any questions or require additional assistance, please do not hesitate to contact me.

Bent Nielsen
Director
UC Irvine Internal Audit Services

Attachment

C: Terry Belmont, Chief Executive Officer, UC Irvine Medical Center
Alice Issai, Chief Operating Officer, UC Irvine Medical Center
Audit Committee

I. EXECUTIVE SUMMARY

In accordance with the fiscal year 2010-2011 audit plan, Internal Audit Services (IAS) reviewed the adequacy of the internal controls surrounding the business practices for cash handling, pharmacy staff license verification, and controlled substances access, procurement, storage, control, distribution, and monitoring. This included a review of the automated dispensing machine system (Pyxis), the CIISafe and MedStations utilized by the Department of Pharmacy (Pharmacy) within the University of California, Irvine Medical Center. Based on the audit work performed, the internal controls need to be strengthened to ensure best business practices and compliance with applicable policies and procedures. Specifically, we noted the following.

- **Pyxis and PDX Access –** The internal control structure could be strengthened in the areas of Pyxis MedStation and PDX access control policies and user account management. These observations are discussed in sections V.A and V.B.

- **Controlled Substances Inventory –** Performing inventory reviews in dual custody, supervisory or secondary verification reviews, and separation of duties in inventory monitoring are recommended to strengthen the internal control structure and to ensure accountability over controlled substances inventory. The observations are discussed in section V.C.1.

- **Monitoring for Diversion –** The current processes for monitoring for diversion could be further strengthened by reviewing drug wastage created by Pharmacy staff in addition to the clinicians in patient care units. The observations are discussed in section V.C.2.

- **Controlled Substances Procurement –** To ensure that the correct drug strength, size, and quantity were purchased and later received from the vendor, records such as internal requisitions and purchase order confirmations should be maintained for review. The observations are discussed in section V.C.3.

- **Expired Controlled Substances –** The internal controls, including inventory reviews in dual custody and supervisory or secondary verification reviews, are recommended to ensure accountability. The observations are discussed in section V.C.4.

- **Cash Handling –** The internal controls over cash handling procedures need improvement specifically in the preparation of deposits in dual custody, documentation, and security. The observations are discussed in section V.D.

II. BACKGROUND

Pharmacy provides pharmaceutical services to patients hospitalized in the Medical Center, to outpatients seen in the ambulatory care clinics and recently discharged inpatients. The Department also provides specialized expertise in oncology and surgery. In addition, the Department offers comprehensive investigational drug services including procurement, management, and drug accountability.

Pharmacy is staffed with 121 personnel, composed of staff pharmacists, pharmacy technicians (PT), administrative support, per diem pharmacists, and residents. Pharmacy provides pharmaceutical services 24-hours daily for inpatient care and weekday services for outpatient care.

The two main units in Pharmacy, inpatient (IP) and outpatient (OP), are each separately responsible for the procurement, storage, control, distribution, and monitoring of controlled substances throughout the Irvine Health System. It also guides, monitors, and quality assures the use of all medications under the auspices of two Medical Center committees, the Pharmacy and Therapeutics Committee and the Medication Safety Committee.

III. PURPOSE, SCOPE AND OBJECTIVES

The purpose of the audit was to evaluate the adequacy of the internal controls in the access, procurement, storage, control, distribution, and monitoring of controlled substances. In addition, the audit included a review and evaluation of cash handling, information technology and physical security.

The objectives of this review were as follows:

1. Determine if internal controls are adequate to ensure procurement, storage, control, distribution, and monitoring of controlled substances are in compliance with administrative guidelines, policies and procedures;

2. Determine if Pharmacy staff licensing requirements are reviewed, verified, and documented in a timely manner in accordance with policies and procedures;

3. Determine if access to controlled substances in IP and OP pharmacies is adequate to ensure accountability;

4. Determine whether internal controls over cash handling procedures in OP are adequate and comply with applicable policies and procedures;

5. Determine if user IDs and passwords are confidential, secure and changed routinely;

6. Determine if user provisioning requires supervisor approval and is routinely reviewed by management, and whether data owners are responsible for approving and monitoring users who access data; and

7. Determine if user IDs are disabled and/or transferred upon termination, transfer or reassignment of the user.

IV. CONCLUSION

In general, departmental controls and processes appear to be functioning as intended. However, business risks and control concerns were identified in the business and clinical functions regarding Pyxis and PDX systems, the procurement, storage, control, and distribution of controlled substances and cash handling.

Observation details and recommendations were discussed with management, who formulated action plans to address the observations. These details are presented below.

V. OBSERVATIONS AND MANAGEMENT ACTION PLANS

A. Pyxis Access

Background

Pyxis is a dispensing and drug storage system that uses devices to electronically dispense medications in a controlled fashion and track medication usage. The Pharmacy has documented various policies to manage access privileges to the Pyxis MedStation system including the following:

- Insure adequate security for medications, including controlled substances;
- Provide for proper documentation of medication use; and
- Assure confidentiality of patient data.

Authentication to Pyxis machines is primarily through biometric identification (BioID) (other than the initial password) after the initial access. However, if a user BioID consistently fails, users may be switched to password access at the discretion of the Pyxis system administrator who will validate the consistency of failed BioID attempts.

1. Pyxis MedStation Access Control Policy

Observation

The Pyxis MedStation access policy could be strengthened. A review of Pyxis MedStation user accounts listing as of January 20, 2011 noted that there were 104 user accounts using passwords instead of BioID access. The Pyxis administrator stated that some users are allowed to use password because their BioID logon consistently failed. Because of the significant number of password access users, security of the Pyxis MedStation could be strengthened in the following areas:

a) Regularly reviewing accounts of password users and re-validating their need to use a password instead of BioID access. These reviews will help identify users who may have been temporarily switched to password access because of technical issues with a particular Pyxis MedStation.

b) Protect the confidentiality of passwords, controls should include the following:

1) User IDs lockout after a pre-established number of failed logon attempts (best practice is three to seven attempts);

2) Change passwords periodically. At a minimum changing passwords must meet Medical Center standards;

3) Use of complex passwords. At a minimum use of complex passwords must meet Medical Center standards;

4) A minimum length of a password. At a minimum the length of the password must meet Medical Center standards; and

5) Restrict password reuse (e.g. for six generations).

Management Action Plan

There are a host of technological limitations within Pyxis that prevent the implementation of all the points outlined above. We have increased the frequency of reviewing password user accounts to help identify technical issues with Pyxis MedStations. We are requesting Pyxis to establish a lockout period after three attempts if possible and are changing the policy to state that users are "recommended to use eight characters for your password to increase your protection". We are also requesting a modification from Pyxis that would restrict password reuse. Estimated completion date is February 2012.

2. User Account Management

a) Timely Deletion of Terminated Employees

Observation

IAS reviewed termination records for calendar year 2009 and 2010. IAS identified 31 user accounts that remained active after users' separated from the Medical Center. The Pyxis administrator deleted 21 of the 31 accounts during this review. The Pyxis administrator stated that she had not been receiving stop notices[1] from Human Resources (HR) and as a result, was not aware of personnel changes. IAS verified that stop notices had not been sent to the administrator since June 2010 and the process had recently resumed in February 2011. Internal controls can be improved in the following areas.

1) Automating the stop notice process to send notification to the system administrator on a regular basis (e.g. triggered by changes to HR system).

2) Documenting and implementing additional procedures to require employees' supervisors to provide timely updates to the Pyxis administrator about access changes of employees' status in their units. The Pyxis administrator can then use the information to suspend accounts pending HR confirmation to delete the account.

Management Action Plan

An enhancement to the People Soft HR Connect application that sends the Pyxis system administrators an immediate email notification as soon as a clinical employee is terminated has been completed. The enhancement allows for the immediate removal of Pyxis and door access rights for that user.

b) Management of Dormant Accounts

Observation

A review of Pyxis MedStation user accounts listing as of January 20, 2011 noted 91 accounts with no activity for over a six month time period. The inactivity of these accounts ranged from 182 to 2,210 days. The Pyxis policy states that accounts with unexplained inactivity for six months shall

[1] The stop notice function is meant to notify certain personnel of separations e.g. Pyxis system administrator when users separated from the Medical Center.

be deleted. The Pyxis administrator stated that some of the dormant accounts have not been deleted for operational reasons because certain personnel (i.e. accounts for nurse managers, educators and pharmacists) might need their Pyxis access during an emergency. The internal control structure can be improved as follows.

1) Sending notification (email) to Pyxis users that have no activity for over three months to login to their accounts to avoid their account being suspended or deleted.

2) Documenting in the Pyxis user access policy the types of user accounts exempt from deletion based on justified business reasons.

Management Action Plan

We will modify our policy to "carve out" those who are expected to have long standing dormant accounts. For example, administrators, managers within Pharmacy and nursing rarely access the system but must continue to have their access privileges in place for emergency and backup purposes. Estimated completion date is February 2012.

We will also monitor dormant accounts and if individuals outside of the authorized carve out group exist, they will be notified by email to log on to Pyxis in order to prevent their account from being suspended.

c) **Supervisory Approval and User Confidentiality**

Observation

IAS selected 30 Pyxis user accounts and reviewed them for supervisory approval and ID/Password confidentiality agreements, and noted that the control was generally effective. However, six accounts for registry staff did not have ID/Password confidentiality agreements or supervisory approval support. The Pyxis administrator stated registry staffs are typically not required to go through the same authorization process as regular Medical Center employees. Internal controls could be enhanced by requiring registry staff to sign ID/Password confidentiality agreements in accordance with Pyxis security requirements.

Management Action Plan

Staffing and Patient Placement Services (SPPO) uses a generic confidentiality agreement as part of their SPPO registry packets. We will confirm with Medical Center legal counsel if the generic form is sufficient to ensure an ID/Password confidentiality agreement is in effect.

d) User Access Reports

Observation

There are no user access reports that can be generated by the Pyxis administrator and sent to supervisors for routine reviews and confirmation that user access is appropriate to their employees' current role. Internal control could be improved by developing user access reports that can be routinely distributed to supervisors (e.g. by Unit) for their review to ensure user access (especially transfers and reassignments) remains appropriate to their employees' role.

Management Action Plan

We have requested an enhancement to the People Soft HR Connect application to send the Pyxis system administrators an immediate email notification as soon as a clinical employee is transferred to work in a new area. This will allow for immediate update of the Pyxis access rights. We are also requesting an enhancement to provide us with a weekly notice of any employees who are on Leave Of Absence status so we can temporarily close their account. Estimated completion date is January 2012.

3. User of a Unique Permanent Identifier

Observation

The current unique identifier in the Pyxis system (i.e. UCInetID) is not permanent and may change, for instance when employees change their names and UCInetID. When there is a UCInetID and/or name change, it may be difficult for the Pyxis administrator to identify those with access to the Pyxis MedStation when a stop notice or separation files are provided.

Management Action Plan

We have requested an enhancement to the People Soft HR Connect application to send the Pyxis system administrators an immediate email notification as soon as a clinical employee changes their name. This will allow us to better identify and track users. Estimated completion date is January 2012.

B. PDX Access

Background

The PDX system is an OP system used for filling, billing and tracking prescriptions. Medical Center systems are assessed for criticality before they go into production

and are assigned a criticality of mission critical, patient care, or standard. PDX is considered a standard system.

1. PDX System Access Control Policy

Observation

IAS observed that PDX users logon to the application using their unique user code. This user code is supposed to be confidential to each user and is masked when users enter their code to logon to the system. However, we noted that the user codes are displayed in clear text in the maintenance menu which is accessible by the system administrator level access. Pharmacy management should work with PDX personnel to strengthen security of the PDX system in order to mask user codes for confidentiality. Additional controls to protect user sessions and user codes could include:

1) Screen blocker as recommended by the PDX vendor;

2) A complex user code, at a minimum, using alpha and numeric characters;

3) A minimum length user code, at a minimum six characters or as recommended by the PDX vendor; and

4) Change user codes periodically, at a minimum annually, as required by Medical Center standards.

Management Action Plan

Pharmacy administration will work with the PDX vendor to identify which of the points outlined above are implementable within the application. Screen blockers, complex codes, minimum user code length, and/or changing codes periodically. Estimated completion date is January 2012.

2. User Account Management

a) User Access Policy and Procedure

Observation

Access to PDX is managed by the PDX system administrator for a limited group of Medical Center users in the OP, Patient Financial Services and the Santa Ana Family Health Center Pharmacy. However, IAS noted that user account management policy and procedure has not been documented.

Pharmacy management should strengthen security of the PDX system by documenting and implementing policies and procedures for:

1) User access request and approval including modifying and removing user access;

2) Conducting periodic user access reviews; and

3) Consider using a standard access request form.

Management Action Plan

Pharmacy administration will write a new policy that meets the three criteria outlined above to strengthen PDX security. Estimated completion date is February 2012.

b) PDX System Predefined Roles and Job Function Requirements

Observation

PDX has nine predefined roles (i.e. level 0 through 8). Role 0 is for PDX support, role 1 is for the system administrator, and other users were generally granted levels 2, 3 or 4. However, access requirements for each job by function have not been documented to provide uniformity in granting access. The internal control structure could be strengthened by documenting policies and procedures in the following areas:

1) Access rights for all the predefined roles (i.e. level 0 through 8), including what the roles can access and perform;

2) Access requirements for each job function that has need to access the PDX system (e.g. Pharmacists, PT, Pharmacy Registry, etc.) to provide uniformity in granting access.

Management Action Plan

Pharmacy administration will write a new policy that meets both criteria outlined above to strengthen PDX roles and security levels. Estimated completion date is February 2012.

C. Controlled Substances

Background

A controlled substance is defined as any drug with a potential for abuse or addiction, which is held under strict governmental control. California law, Health and Safety Code, Section 11032, defines controlled substances as either narcotics (Schedule I drugs, the highest abuse potential: Heroin, Marijuana, PCP; and Schedule II drugs, such as Fentanyl, Oxycontin, and Dilaudid) or restricted dangerous drugs, (Schedule III, IV, and V), which includes Ketamine, Vicodin, and Valium.

The business practices in the procurement, storage, control, distribution, and monitoring of controlled substances were reviewed to determine if internal controls are sufficient to ensure compliance with administrative guidelines, policies and procedures.

1. Inventory

California Code of Regulations, Title 16, Section 1718 states the controlled substances inventories required by Title 21, Code of Federal Regulations, Section 1304 shall be available for inspection upon request for at least three years after the date of the inventory.

a) Inpatient Pharmacy

Background

Controlled substances (Schedule II, III, IV, and V) are stocked and tracked in the Pyxis systems, CIISafe and MedStation, leased from CareFusion, which support decentralized medication management. Controlled substances received from vendors are stored in the CIISafe located in IP and later used to restock over 80 MedStations located throughout various patient care units in the Medical Center. Once controlled substances are stocked in the systems, the CIISafe and MedStations communicate with each other, automatically tracking and monitoring perpetual inventory for IP personnel to view and examine.

Observation

The business processes for maintaining, tracking, and monitoring the inventory of controlled substances in IP were reviewed. The following is a summary of the findings.

1) An inventory review of controlled substances received from the vendor is performed by a PT to confirm drugs and their quantities are properly invoiced. The PT reports any discrepancies in the review to a pharmacist for follow up with the vendor. As a best business practice, these reviews should be performed in dual custody, requiring verification by two persons, each being held accountable. Performing reviews in dual custody ensures accountability and security of inventory by reducing the opportunity for misappropriation and theft.

2) The same PT verifying inventory received from the vendor also stores it in the CIISafe. However, there is not a control in place where a management or secondary review is performed comparing the invoice and the Pyxis report to confirm the items received from the vendor were stored in the CIISafe. As a best business practice, a review should be performed verifying the work performed to ensure accountability of the items received and stored in the CIISafe.

3) The same PT who verifies drugs received from the vendor, stores the drugs in the CIISafe, and withdraws drugs from the CIISafe to restock the MedStations, also monitors for diversion by reviewing the "CIISafe vs. Pyxis MedStation" report for drug miscounts/discrepancies. Establishing internal controls such as separation of duties helps ensure that no single person maintaining the inventory of controlled substances also monitors inventory for discrepancies. Assigning procedures among two or more qualified individuals provides reasonable assurance that a transaction processing error or misappropriation will be identified and/or prevented from occurring.

b) Outpatient Pharmacy

Background

OP maintains, tracks, and monitors its own inventory of controlled substances separate from IP. Inventory of Schedule II drugs is maintained, tracked, and monitored manually using Narcotic Inventory Record logs.

Observation

Although a business process has been developed to account for inventory, the current practices could be strengthened to further secure controlled substances.

1) A pharmacist conducts an inventory review of controlled substances received from vendors alone. As a best business practice, inventory

reviews should be performed in dual custody to ensure accountability and security of controlled substances.

2) The same pharmacist verifying inventory received from vendors also documents the purchase details in the Narcotic Inventory Record, and stores the inventory received in the narcotics cabinet. There is not an internal control process in place where a secondary review is performed comparing the invoice and the Narcotic Inventory Record. This process does not provide adequate separation of duties to ensure inventory received from vendors is accurately stored and recorded in the inventory records. As a best business practice, an internal control, implementing management or secondary review, should be considered.

3) The business processes currently practiced in IP should be considered in OP to enhance the security over controlled substances. The following differences in business practices were noted:

   - IP accounts for the inventory of all controlled substances (Schedule II, III, IV, and V); however, OP accounts for only Schedule II drugs. In addition, in contrast to the IP business practice of securing all controlled substances in the Pyxis systems, OP Schedule II drugs are stored in a locked cabinet and all other scheduled drugs are stored in a rolling locked desk/cabinet.

   - The storing, tracking, and monitoring of controlled substances are automated in IP. However, the OP processes are performed manually.

Management Action Plan

Receiving of all CII medications will take place with two people (both IP and OP) to enhance controls. Implementation of a new Cardinal application called "e-Receiving" will provide strengthened accountability, improved reconciliation, tracking, and will add another layer of security as items are received and recorded using a bar code scanning process. A monthly comparison of CII purchases and loads into the CIIsafe will be conducted by a second PT. Estimated completion date is February 2012.

The current practice of only one pharmacist verifying CII inventory in the OP will continue. Pharmacists rotate through that area so they in essence check and monitor each other. A perpetual inventory of only CII drugs in the OP is maintained as this is the only requirement by the Drug Enforcement Agency (DEA) and the Board of Pharmacy (BOP). There is no mandate in the DEA and or BOP to perform more frequent inventories and we will continue with our current practice. However, periodic audits

verifying CII drug prescriptions to the perpetual inventory log will be performed to ensure the accuracy of the inventory and prevent diversion of CII drugs.

2. Monitoring for Diversion

Controlled substances manufactured for legitimate medical use are subject to abuse. Pharmacy has an added responsibility to prevent, monitor, detect, and investigate the movement of inventory for diversion from point of purchase to storage to dispensing.

a) Inpatient Pharmacy

Background

The features of the Pyxis systems allows for maintaining a perpetual inventory of controlled substances to monitor for diversion. To detect diversion, IP staff is able to generate standard and ad hoc reports daily to review 100 percent of miscounts/discrepancies, 100 percent of overrides of MedStations designated as profile or requiring pharmacist review and approval of physician orders, and 10 percent of drug administration wastage by clinicians that have accessed MedStations for patient drug administration.

Observation

Discrepancies, overrides, and drug wastage are reviewed for diversion. However, this process could be further strengthened to reduce the risk of diversion of expired and wasted medications. The following observations were noted:

1) The monitoring process did not include supervisory or secondary reviews of expired medications. A supervisory/secondary review would ensure that inventory checks for expired drugs are performed by staff in a timely manner. Also, supervisory reviews may disclose discrepancies in the inventory of expired medications and/or assess and improve current inventory purchasing practices and reduce the risk of diversion.

2) Although a monitoring process has been established for drug wastage created by nurses and other clinical staff, a similar process has not been created for drug wastage created by Pharmacy staff.

Management Action Plan

A log to track all expired medications slated for destruction has been implemented to improve inventory control and be more fiscally responsible. Periodic secondary audits will be performed to identify discrepancies. In addition, narcotic waste currently requires dual verification by policy hence minimizing the potential for diversion.

b) Outpatient Pharmacy

Observation

Although physical inventories of Schedule II drugs are performed on a monthly basis, OP does not monitor for diversion by reviewing the records. For example, discrepancies could be disclosed by reconciling the transactions from the Narcotic Inventory Records to the source documentation (invoices, prescriptions, etc.). Management or secondary review, including verification of transactions would ensure accountability and security of controlled substances as well as identify transaction errors and reduce the risk of diversion.

In addition, the business practice of monitoring all controlled substances should be practiced consistently in OP as is currently practiced in IP.

Management Action Plan

Pharmacy personnel will conduct random audits of EXP returns to documented waste log to identify discrepancies. In addition, periodic audits verifying inventory records to source documentation will be performed to ensure the accuracy of the inventory and prevent diversion of CII drugs.

3. Procurement

The University of California has a contract with Novation, a supply contracting company, to provide contracting services to help reduce the total supply cost to the five UC campuses with medical centers. In addition, the University of California also has a contract with Cardinal Health, a pharmaceutical wholesaler, to supply the medical center pharmacies with the pharmaceuticals they dispense.

a) Inpatient Pharmacy

Background

When inventories of controlled substances run low in the CIISafe, a PT submits a written request to a pharmacist to order inventory. Upon receiving the request, one of two designated pharmacists, who have been issued a logon and password identification, reviews the request and logs onto Cardinal.com to search for and purchase the lowest unit cost for each requested drug.

Observation

Internal requests for inventory purchases (except for Schedule II drugs which are documented on DEA form 222) or purchase order confirmations are not maintained on file. As a best business practice, internal inventory purchase requests should be reviewed and compared to purchase orders to ensure the correct drug strength, size, and quantity were ordered as requested. Purchase orders should also be compared to the packing slips and/or vendor invoices to confirm that the correct drug strength, size, and quantity were received from the vendor. To ensure accountability and strengthen the purchasing and receiving process, internal requisitions and purchase orders should be reconciled to the inventory received and the documentation maintained on file.

Management Action Plan

Implementation of a new Cardinal application called "e-Receiving" will provide strengthened accountability, improved reconciliation, and tracking. The system will verify inventory ordered to the inventory received using a bar code scanning process. The new system is slated for implementation in the next six months.

b) Outpatient Pharmacy

Observation

When inventories of controlled substances run low, two OP staff pharmacists are authorized to purchase drugs online at Cardinal.com. Only for Schedule II drugs, the pharmacist must complete and submit DEA form 222 to an IP pharmacist for approval and signature prior to placing an order on Cardinal.com.

Similar to practices in IP, internal requests for inventory purchases and purchase order confirmations are not maintained on file. Both documents

should be reconciled to the inventory received and maintained on file as verification that the requested drug, strength, size, and quantity were properly ordered and received from the vendor.

Management Action Plan

The Cardinal application "e-Receiving" will provide strengthened accountability, improved reconciliation, and tracking. The system will verify inventory ordered to the inventory received using a bar code scanning process. The application will be implemented in all areas of the pharmacy and practices will be identical in both IP and OP areas.

4. Expired Drugs

IP and OP maintain separate accounts with EXP Pharmaceutical Services, a pharmaceutical reverse distributor specializing in expired pharmaceutical product returns processing, professional waste disposal, and customized reporting services. Financial returns are received from contracting services with EXP by securing credit from drug manufacturers.

The business practice in both IP and OP is to identify those controlled substances that are due to expire in approximately three months and set aside for EXP processing.

a) Inpatient Pharmacy

Observation

PTs perform weekly physical inventory checks for expiring drugs in the Pyxis systems. Any drugs taken from the MedStations are documented on a receipt printed from the console. The drug, along with the receipt, is then delivered to IP, stored in a CIISafe bin, and documented on the system. When a certain quantity of expired drugs is accumulated, EXP is contacted for processing. On the date of EXP pick up, a Pyxis report, "Meds Destroyed from Pending Destruction Receipt", which documents all expired drugs inventoried for EXP processing is printed. An EXP representative then performs an inventory of items taken from the bin and submits a report itemizing all expired drugs received for processing.

Although inventory reviews are performed weekly to identify expiring drugs, a supervisory or secondary review is not performed and documented to verify that inventory checks are conducted as required. The review should also include comparing the EXP report to the Pyxis report to ensure accountability and detect any discrepancies.

Management Action Plan

The narcotic PT supervisor will compare the EXP report to the CIISafe waste report on a random audit basis to look for discrepancies.

b) Outpatient Pharmacy

Observation

Inventory reviews for expired drugs are performed on a monthly basis and any expired drugs that are taken from the inventory are documented manually on the Narcotic Inventory Record for Schedule II drugs only. Inventory reviews are not documented for non Schedule II drugs. In addition, the reviews are not performed in dual custody. A supervisory or secondary review should be performed to ensure accountability, detection of discrepancies and that reviews for expired drugs are performed in a timely manner.

Management Action Plan

Pharmacy management will expand inventory reviews to Schedule III through V drugs and the reviews will be performed in dual custody. In addition, periodic secondary audits will be performed to identify discrepancies.

D. Cash Handling

Background

Business and Finance Bulletin 49 and Medical Center policies and procedures define roles and responsibilities related to receipt, safeguarding, reporting, and recordkeeping for cash and cash equivalent. Compliance with these policies and procedures ensures that University cash and cash equivalents are protected, accurately and timely processed, properly recorded and reconciled.

Observation

A review of the cash handling processes and procedures in OP was performed and we noted the following.

1. One cash register is shared by three PTs. The cash register system does not have the capability of a unique logon identification and password that differentiates one cashier from the others. As a result, transactions cannot be traced to a specific cash handler.

2. The cash register system key that is used to operate supervisory functions is left in the cash register during business hours. The system key allows an individual to reset the cash register machine. As a result, any individual with access to the key can manipulate cash transactions.

3. The reason for either voiding or refunding a transaction is not documented on the receipt in compliance with Medical Center cash handling policy, only initialed by a pharmacist and PT.

4. The deposits are not prepared or validated in dual custody.

Management Action Plan

A new cash register is being purchased that has functionality to address points one through three above. The reason for a voided of refunded transaction will be documented on the receipt in compliance with Medical Center cash handling policy. In addition, all deposits will be validated in dual custody.